

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE CASH MARKETS (8/27):
BUTTER: Grade AA closed at \$1.3650. The weekly average for Grade AA is \$1.3775 (+.0508).

CHEESE: Barrels closed at \$1.6800 and blocks at \$1.8650. The weekly average for barrels is \$1.7415 (-.1405) and blocks, \$1.9200 (-.0455).

NONFAT DRY MILK: Extra Grade closed at \$1.0300 and Grade A at \$1.0500. The weekly average for Extra Grade is \$1.0300 (N.C.) and Grade A, \$1.0500 (N.C.).

BUTTER: The market tone remains unsettled although prices have increased and decreased this week. Producers and handlers are puzzled about the volatility in CME price levels over the past few months and its affect on production schedules and sales. Churning schedules are fair at best as cream supplies remain limited. Butter producers anticipate cream to become more available as standardizing from school bottling programs increases and ice cream production slows seasonally. Stocks of frozen butter are reported to be fully adequate while fresh butter stocks are not as plentiful. Overall butter demand is fair. Some scattered retail feature activity is being reported which is clearing good volumes of print butter.

CHEESE: The cheese market is weak and prices have declined sharply since last week. Unexpectedly large increases in cheese holdings have tempered buyers' concern about cheese availability. Current demand has slowed as buyers wait for prices to reestablish equilibrium. Cheese production remains higher than expected through much of the country. Output is bolstered by increases in Western milk receipts and smaller than expected volumes needed by Southern bottlers from the Northeast and Midwest. Cheese yields continue to recover seasonally.

FLUID MILK: Milk production is up in the Southeast and Central regions and down on the West Coast as temperatures increase. Class I demand is slow to fair as bottlers prepare for continued school openings. Wisconsin shipped out 45 loads and Florida received 170 loads. Condensed skim prices are unchanged. Cream demand is fair to good, best into cream cheese and ice cream production. Multiples are unchanged and prices are

lower, reflecting last week's drop in butter prices. Cream supplies are anticipated to increase as more milk is bottled for schools. Churning activity is seasonally light.

DRY PRODUCTS: Prices are unchanged to generally higher on all dry markets. A sizable quantity of NDM offerings to the CCC was canceled during the week. Drying schedules are reduced and demand is good as buyers build inventories to avoid future price increases. Buttermilk supplies remain tight for the light interest. Whey is clearing best into export markets with domestic trade no better than fair. Supplies are mixed with plants reporting inventories as sold out or in balance. Lactose prices are higher on a firm market. The WPC market is unchanged as heavy inventories remain on the West Coast.

CCC: During the week of August 23 - 27, CCC purchased 272,692 pounds of nonfortified and 121,241 pounds of fortified NDM.

COLD STORAGE (NASS & FSA): U.S. cold storage holdings of butter on July 31, 1999 total 118.9 million pounds, down 1.9% from a month earlier and more than double totals from July 31, 1998. June natural American cheese holdings were revised from 473.8 to 539.1 million pounds, a 65.3 million pound increase. July natural American cheese holdings total 554.5 million pounds, up 2.9% from last month's adjusted total and 20.3% higher than a year ago. Nonfat dry milk holdings at the end of June total 273.0 million pounds, up 8.3% from May and 37.9% above June 1998.

WORLD DAIRY SITUATION AND OUTLOOK (FAS): Estimates on cow milk production in selected countries for 1999 are 1% above 1998 totals at 386.5 million tons. Cheese production is expected to reach 12.4 million tons, 2% above last year. NDM production is estimated at 3.2 million tons, 4% higher than a year ago. Dairy product prices moved downward in the first half of 1999 with butterfat and WMP prices making the most notable changes. Improvements in dairy product markets are not anticipated in the last half of 1999 as demand remains sluggish in the primary markets of Asia, Brazil, and Russia.

****SPECIALS THIS ISSUE****

MONTHLY COLD STORAGE REPORT (PAGES 7-8)
 WORLD DAIRY SITUATION AND OUTLOOK (PAGE 9)
 DAIRY GRAPHS (PAGE 10)

**CHICAGO MERCANTILE EXCHANGE
 CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY AUGUST 23	TUESDAY AUGUST 24	WEDNESDAY AUGUST 25	THURSDAY AUGUST 26	FRIDAY AUGUST 27	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.7950 (-.0800)	\$1.7850 (-.0100)	\$1.7450 (-.0400)	\$1.7025 (-.0425)	\$1.6800 (-.0225)	-.1950	\$1.7415 (-.1405)
40# BLOCKS	\$1.9725 (N.C.)	\$1.9725 (N.C.)	\$1.9225 (-.0500)	\$1.8675 (-.0550)	\$1.8650 (-.0025)	-.1075	\$1.9200 (-.0455)
NONFAT DRY MILK							
EXTRA GRADE	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
GRADE A	\$1.0500 (N.C.)	\$1.0500 (N.C.)	\$1.0500 (N.C.)	\$1.0500 (N.C.)	\$1.0500 (N.C.)	N.C.	\$1.0500 (N.C.)
BUTTER							
GRADE AA	\$1.3725 (+.0475)	-----	\$1.3950 (+.0225)	-----	\$1.3650 (-.0300)	+.0400	\$1.3775 (+.0508)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

MONDAY, AUGUST 23, 1999

CHEESE -- SALES: 8 CARS 40# BLOCKS: 1 @ \$1.9700, 7 @ \$1.9725; 1 CAR 40# BLOCKS - 5-MONTH OLD @ \$1.9125; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.9725; OFFERS UNCOVERED: 8 CARS BARRELS: 1 @ \$1.7950, 1 @ \$1.8700, 5 @ \$1.8750, 1 @ \$1.8850
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 6 CARS GRADE AA: 1 @ \$1.3450, 4 @ \$1.3600, 1 @ \$1.3700; BIDS UNFILLED: 9 CARS GRADE AA: 1 @ \$1.3725, 1 @ \$1.3575, 1 @ \$1.3300, 1 @ \$1.3275, 1 @ \$1.3250, 4 @ \$1.3200; OFFERS UNCOVERED: 2 CARS GRADE AA: 1 @ \$1.3800, 1 @ \$1.5500

TUESDAY, AUGUST 24, 1999

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.7850
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, AUGUST 25, 1999

CHEESE -- SALES: 2 CARS 40# BLOCKS: 1 @ \$1.9150, 1 @ \$1.9225; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 6 CARS BARRELS: 1 @ \$1.7450, 4 @ \$1.7850, 1 @ \$1.7950; 5 CARS 40# BLOCKS @ \$1.9725
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 13 CARS GRADE AA: 1 @ \$1.3700, 2 @ \$1.3725, 1 @ \$1.3750, 2 @ \$1.3775, 3 @ \$1.3800, 2 @ \$1.3825, 1 @ \$1.3925, 1 @ \$1.3950; BIDS UNFILLED: 1 CAR GRADE AA @ \$1.3400; OFFERS UNCOVERED: 3 CARS GRADE AA: 1 @ \$1.3950, 1 @ \$1.4000, 1 @ \$1.5500

THURSDAY, AUGUST 26, 1999

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.8675; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 9 CARS BARRELS: 1 @ \$1.7025, 1 @ \$1.7400, 1 @ \$1.7425, 5 @ \$1.7450, 1 @ \$1.7550; 6 CARS 40# BLOCKS: 1 @ \$1.9200, 5 @ \$1.9225
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, AUGUST 27, 1999

CHEESE -- SALES: 7 CARS 40# BLOCKS @ \$1.8650; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 6 CARS BARRELS: 1 @ \$1.6800, 5 @ \$1.7025; 2 CARS 40# BLOCKS @ \$1.8675, 2 CARS 40# BLOCKS - 2-MONTH OLD @ \$1.8600
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 2 CARS GRADE AA: 1 @ \$1.3800, 1 @ \$1.3650; BIDS UNFILLED: 1 CAR GRADE AA @ \$1.3450; OFFERS UNCOVERED: 9 CARS GRADE AA: 1 @ \$1.3700, 1 @ \$1.3850, 1 @ \$1.3875, 4 @ \$1.3900, 2 @ \$1.3950

BUTTER MARKETS**MONTHLY COLD STORAGE**

According to NASS, July month-ending cold storage figures for butter total 118.9 million pounds, 133.3% heavier than last July, but 1.9% lighter than June 1999.

NORTHEAST

The market tone is unsettled. At the time of this report (8/24), the AA price at the CME had rebounded 4 3/4 cents to stop a three-week price slide. Some contacts wonder why prices jumped so sharply in the 8/23 trading session when stocks are so heavy. Current output is limited and fresh butter stocks are short of needs. However, there are ample stocks of frozen butter. Retail demand is slow to fair and food service orders are about steady. Spot bulk sales are slow and prices still range from 3 - 5 1/2 cents over the CME weekly average.

CENTRAL

The butter market tone is unsettled though firm following the most recent firm trend in the cash trading level at the CME at midweek. Producers and handlers are puzzled at the weakness of cash values during 4 or 5 trading sessions and then firmness for 4 or 5 sessions. The volatility in the cash value is giving producers and buyers uncertainty about production schedules and placing orders. Reports indicate that butter stocks continue to be more than double last year at this time but slightly lower than last month. Stocks are fully sufficient to fill current needs. Fresh butter stocks are limited. Churning schedules remain lighter than desired as

cream remains tight for churning needs. Overall butter demand is seasonally fair. Food service orders are mixed as the summer vacation season nears the unofficial end by Labor Day. Retail orders are fair. Scattered feature activity continues to clear good volumes of print butter.

WEST

Western butter markets are somewhat unsettled by the continued cycling higher and lower. This is the start of the sixth cycle this calendar year. Bulk butter sales remain good for both fresh and frozen stocks. Buyers are starting to anticipate fall needs. Print orders for retail and food service accounts are rated as good for this time of the year. Many Western operations are selling cream as their first choice option for butterfat at this time. Ice cream demand remains strong through much of the country. Trucks to move the cream are a problem at some locations. The end of July butter stocks (118.9 million pounds) have not been this heavy since the fall of 1994.

WHOLESALE SELLING DIFFERENTIALS, F.O.B. PRODUCING PLANTS,
TRUCKLOAD QUANTITIES.

DUE TO A LACK OF CONSENSUS ON THE PART OF PRODUCERS AND BUYERS ABOUT THE BASING POINT FOR BULK BUTTER SALES (PREVIOUS FRIDAY'S CLOSE, PREVIOUS WEEK'S AVERAGE, DATE OF SALE, DATE OF SHIPMENT, ETC.), DAIRY MARKET NEWS IS TEMPORARILY SUSPENDING THE REPORTING OF PREMIUMS OR DISCOUNTS.

NASS DAIRY PRODUCT PRICES
U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 39% MOISTURE			
AUGUST 21	1.8144 5,975,890	1.7653 10,027,438	1.0096 24,884,217	1.3498 3,100,079	0.1844 5,838,944

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are higher again this week, but the market tone is unsettled to weaker. Following the release of the July "Cold Storage" report and a significant adjustment upward in June's cheese holdings, there has been a sharp drop in barrel prices at the CME. The end of July American cheese holding total 554.5 million pounds, 20% more than a year ago and 3% more than a month earlier. Currently, cheese output in the Northeast is moderate. Milk supplies are tightening and the very high 40# block prices are somewhat of a deterrent to make cheddar cheese. Mozzarella production is heavy as sales start to improve seasonally. Demand is fair. Retail orders are slow as some price resistance has been noted. Food service orders are slowing in resort areas; improving in urban areas when shopping and eating habits return to "school-year" patterns.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.9775-2.4675
Cheddar Single Daisies	:	1.9525-2.4675
Cheddar 40# Block	:	2.1050-2.2700
Process 5# Loaf	:	2.0950-2.2500
Process 5# Sliced	:	2.1125-2.3300
Muenster	:	2.1600-2.4625
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is weak, particularly on barrels. Many buyers are backing off on spot purchases due to price declines, particularly for barrels and other processing solids. Process demand is steady to mostly slower, reflecting the usual seasonal shift from process to natural varieties. However, promotional activity and delayed price increases (monthly prices) are aiding process movement for some accounts. The current block market is not fully steady with last week. Most sellers have not yet seen as big a decline in natural interest. Most cutters are still operating on good schedules to fill orders. Medium and aged block offerings have sharply increased, though interest is lighter. Cheese production is fairly steady with recent weeks as temperatures have been mild for August. Most producers are motivated not to make barrels due to the wide barrel/block spread.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	2.0625-2.2000
Brick And/Or Muenster 5#	:	2.2000-2.4300
Cheddar 40# Block	:	2.1150-2.2200
Monterey Jack 10#	:	2.1150-2.4125
Blue 5#	:	2.5575-2.7800
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.2150-2.2925
Grade A Swiss Cuts 6 - 9#	:	2.4000-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	AUGUST 23 - 27, 1999
BARRELS*	:	\$1.7450 - 1.9025 (NOMINAL)
	:	(-\$.1075) (.0075)
40# BLOCKS	:	\$1.9150 - 1.9950 (NOMINAL)
	:	(-\$.0075) (.0350)

() Change from previous week. * If steel, barrel returned.

WEST

Prices continued to firm in relation to last week's CME pricing, but that apparently will come to an end this week as prices adjust lower. At least some of the decline is being attributed to the Cold Storage report released on August 20. That report revised the June information from a moderately negative number to a very positive number. The July stocks for American cheese stand at 554.5 million pounds, higher than at any time in at least more than a decade. The stocks are up 20% from July 1998. The industry is surprised at this level of stocks compared to the original number for June which was subsequently revised more than 65 million pounds higher. Block cheese sales remain quite strong with little inventory apparent, but sales of barrels and solids for processing have slowed markedly. Cheese with some defects is being discounted dramatically and still finding very little interest. Swiss sales activity is generally rated as fair to good. Swiss stocks at the end of July total 10.4 million pounds, down 4% from last year and down 12% from last month.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	2.0275-2.2875
Cheddar 40# Block	:	2.0825-2.2225
Cheddar 10# Cuts	:	2.2625-2.4825
Monterey Jack 10#	:	2.2725-2.4425
Grade A Swiss Cuts 6 - 9#	:	2.3100-2.4500

FOREIGN

Domestic prices are higher again this week, but some contacts feel that prices may stop climbing in the near future. Stocks of imported and domestically made cheese range from light to adequate. Demand is slow to fair, but as the vacation season draws to a close, consumption patterns "get back to normal." In Europe, the reduction of milk production during the summer months contributed to lower cheese output. Through May 1999, cheese output in the EU-15 totaled 2.4 million MT, down 0.7% from a year ago. Cheese exports from the EU have recovered slightly, but shipments to the U.S. are little changed.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

		NEW YORK	
VARIETY	:	IMPORTED	DOMESTIC
Roquefort	:	5.5000-6.8900	: -0-
Blue	:	2.6400-3.1400	: 2.3150-2.9250*
Gorgonzola	:	3.2400-5.9400	: 2.4900-2.9925*
Parmesan (Italy)	:	TFEWR	: 3.7250-3.7550*
Romano (Italy)	:	2.1000-2.9000	: -0-
Provolone (Italy)	:	3.4400-5.5000	: 2.3250-2.6000*
Romano (Cows Milk)	:	-0-	: 3.4950-5.7200*
Sardo Romano (Argentina)	:	2.6500-3.2900	: -0-
Reggianito (Argentina)	:	2.6500-3.2900	: -0-
Jarlsberg-(Brand)	:	2.7400-3.1200	: -0-
Swiss Cuts Switzerland	:	-0-	: 2.3500-2.5500
Swiss Cuts Finnish	:	2.5900-2.8500	: -0-
Swiss Cuts Austrian	:	2.2500-2.7500	: -0-
Edam	:		:
2 Pound	:	TFEWR	: -0-
4 Pound	:	2.1900-3.0900	: -0-
Gouda, Large	:	2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:		:
10 Ounce	:	27.8000-31.7000	: -0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
08/23/99	11,861	122,374
08/01/99	14,803	125,478
CHANGE	-2,942	-3,104
% CHANGE	-20	-2

FLUID MILK AND CREAM

E A S T

Weather conditions are improved in most of the region. Cooler temperatures and some much needed rain fell across the Southeast and the Middle Atlantic areas. Hurricane Brett hit the Texas Coast, but disruption to milk production and processing was minimal. In the Northeast, the weather has been nearly ideal and milk production is steady to occasionally a bit higher. Milk output in the Southeast is up in more areas as cows respond to the milder weather. Florida contacts report that milk production is at or near the low-point in their annual cycle. Shipments of milk into the state total 170 loads this week. This compares to 94 loads last week and 179 loads during the same week last year. Scheduled imports into other Southeastern states total 362 loads this week. Spot shipments continue to come from ID, NM, IA, WI, MI, PA, NY, VT, CT, and MA. Milk orders rebounded from last week's levels as most schools are back in session and bottlers have a better handle on their weekly milk needs. Bottled milk demand in the Northeast is steady to slower, but bottlers are preparing for the normal post-Labor Day start of most schools. Fluid milk supplies are light. Manufacturing plant receipts are light to moderate and most operations are running on reduced schedules. Some South Central and/or Southeastern plants have, reportedly, shut down while all the milk is shipped to meet Class I needs. There is some weekend milk to clear, but those volumes are easily handled. Condensed skim prices are steady, but there is growing concern over prices during upcoming months. Demand is good for Class II wet solids, slow for Class III. Class III prices, if product was moving, would generally be well over \$1.30 per pound solids. The fluid cream market is firm with prices often lower due to last week's drop in prices. Multiples are often steady, but reports of some suppliers trying to increase them met with resistance. Now that schools are reopened, bottlers have more cream to offer because of the increased standardization. Production of cream cheese is about steady to lighter depending on the cream price and availability. Ice cream output is steady, but as the summer comes to a close, consumption patterns normally slow. Churning activity is limited.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.8043-1.9502
DELIVERED EQUIVALENT ATLANTA	-	1.7910-1.9370 M 1.8308-1.9104
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.8020-1.9104

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS: NORTHEAST	-	.9000-1.1000
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M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
AUGUST 20 - 26, 1999	45
PREVIOUS WEEK	41*
COMPARABLE WEEK IN 1998	88

*Correction

DESTINATIONS: GEORGIA 3, KENTUCKY 19, MISSOURI 21, TEXAS 2

Class I demand is steady to occasionally increased, though not as strong as some handlers had expected. More schools have reopened for the new term, but generally, milk demand was a little disappointing. Most are still waiting for the "big surge" in demand for milk locally and to the Southeast. Class I premiums were running in the \$3.00 to 5.50 over class area. On a very light test, manufacturing milk prices are in the \$1.50 to 2.50 over class area. The correction on last week's shipment

total was to include 2 loads sent to Alabama. Besides the loads listed above, this week about 17 loads were destined to Ohio for Class I and a few more were shipped from another nearby state to Ohio for Class II. Finding a truck/trucker continues to hamper some milk shipments. Another 21 loads of Wisconsin milk are direct shipped to Missouri along with 28 loads to Kentucky and 21 to Georgia. These loads are pooled under a Southern federal order to supplement local offerings. A promotion on cottage cheese added to local area Class II needs. Cream demand remains strong though prices are lower due to declines in cash butter prices on the Chicago Mercantile Exchange. Milk supplies seem to have recovered most, if not all, the volumes lost during the late July hot spell. Manufacturing schedules remain heavy, not always the most popular thing to be doing when cheese prices are falling. Barrel plant operators are especially in favor of selling milk to other users due to the wide barrel/block spread. Fat and protein tests have also recovered from last month. Crops continue to move toward maturity but heat units are needed to finish the corn and soybean crops. Some 3rd and/or 4th crop hay/haylage is being put up.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	AUGUST 19 - 25	PREVIOUS YEAR
SLAUGHTER COWS	\$ 35.00- 43.50	\$ 33.00- 39.00
REPLACEMENT HEIFER CALVES	\$270.00-330.00	\$170.00-200.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	AUGUST 19 - 25	PREVIOUS YEAR
SLAUGHTER COWS	\$ 32.00- 43.00	\$ 31.00- 38.00

W E S T

Hotter weather has entered most of the milk producing regions of California. Milk output has leveled or declined slightly. Plants were not seeing receipts decline to any great extent at midweek, but expectations are that declines will develop. Hot daytime temperatures into the 100's are coupled with higher temperatures and humid conditions at nighttime. Cow comfort is being affected, leading to more stress. Feed prices and availability remain favorable. Production plants in the state are able to handle milk volumes. Additional demand is noted from fluid plants. Temperatures and humidity this week were negatively affecting milk production growth in Arizona. New Mexico weather is indicated to be more favorable than recently, but milk output directions are often mixed at levels generally higher than last year. Hay is available and prices are holding mostly steady. Third and fourth cuttings are proceeding across the state. Western cream demand is fair to good. The CME butter market again turned higher, but contacts are reluctant to place a tag of firmness on either cream or butter. Ice cream producers continue to take additional cream. Shipments to butter plants are fair. Milk production continues to hold up quite well in the Pacific Northwest. Some late season heat was noted with temperatures near 100 degrees, but it was of short duration and it did cool off at night. Hay availability remains very good. Prices are steady with a weak undertone and offerings are large. Overall quality is excellent. Concentrate and grain prices remain advantageous to heavy feeding programs. Manufacturing operations are somewhat surprised at how much milk they continue to process. Heifer prices remain strong with availability still tight. With the possibility that cheese prices may have peaked, some contacts are wondering if that may have an impact on heifer demand this fall. Warm temperatures are also common in Utah and Idaho. Cow stress is minimal and the crops will benefit from some added growing degree days. A fair amount of the corn crop is just beginning to tassel so it does need quite a bit of decent weather before the first frost to get a mature crop. Some additional plant capacity will be on line this fall to handle growing volumes of milk.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 08/26/99 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are higher on a firm market. Overall production is generally steady. Some plants are increasing NDM output as milk volumes rebound. Other manufacturers are operating at reduced schedules as milk is diverted into cheese plants or bottling for schools. Traders believe the price increases will be short lived. Drought relief in the East and lower cheese prices are expected to encourage NDM production and lower prices. Inventories are light with some producers sold out of product. A few buyers are looking to the West for better deals. Limited volumes of high heat are being traded 3-10 cents above the average. Demand is good into all distributive outlets.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0300 - 1.0700 MOSTLY: 1.0350 - 1.0550

DRY BUTTERMILK - CENTRAL

Prices are higher on a firm market. Movement is light and spotty in nature. Higher prices are a reflection of tight supplies. Fresh product is difficult to find. Aged product is available at prices within the range. Production is steady to lighter as most plants prefer to move condensed when possible. Traders report plenty of inquiries but are unable to find product.

BUTTERMILK: .7400 - .8100

DRY WHEY - CENTRAL

Prices are higher on a steady to firm market. Some producer inventories are tight or sold out while others are in good balance. Brand specific and Grade A product are in the tightest position. Traders are beginning to see a resistance to current higher prices, especially in the feed industry. Resellers are entering the market and selling their stocks. Production is steady to lower as some plants move condensed product instead of drying or operate at reduced schedules. Export movement is good and best into Mexico.

NONHYGROSCOPIC: .1950 - .2125 MOSTLY: .1950 - .2050

ANIMAL FEED WHEY - CENTRAL

Milk replacer and roller ground prices are moving higher with the Extra Grade market. The market tone is mostly steady. Some new interest is appearing as the weather cools. Demand is fair at best. Supplies are generally adequate with some production problems noted on delactose due to humidity. July veal production totaled 19.0 million pounds, 11 percent below the previous record low for July set a year ago. Calf slaughter totaled 111 thousand head, down 17 percent from July 1998. The undertone on veal is firm. Early weaned pig demand is moderate for heavy offerings.

MILK REPLACER: .1500 - .1925
STANDARD: TFEWR
ROLLER GROUND: .1775 - .2075
DELACTOSE (Min. 20% protein): .2600 - .3150

LACTOSE - CENTRAL AND WEST

Prices are higher on a firm market. Spot sales are limited as many producers are sold out or tight on supplies. Anticipated shipping problems during the New Year are provoking more inquiries from Japan. Competitively priced European product is deterring some interest. Feed demand is being diverted into permeate which is plentiful and moving as low as 12 cents on 80% lactose. Domestic demand is good and best into candy production. Off grade product is available 2-3 cents below the range. Production is generally steady.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1800 - .2300 MOSTLY: .1875 - .1925

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged on a steady market. Condensed supplies are decreasing and continue to move well into the feed industry. Production and supplies of dry product on the West Coast are down. Inventories still remain heavy on the West Coast and are tight or sold out in the Midwest. Export demand is increasing. Veal buyers are also showing signs of interest as the New Year approaches and preparations are made for possible shipping problems. Plenty of 80% WPC is available at prices that convert to 42-43 cents on a 34% basis. Off grade product is available below the bottom of the range.

EXTRA GRADE 34% PROTEIN: .4000 - .4700 MOSTLY: .4300 - .4600

NONFAT DRY MILK - WEST

Prices are mostly steady to occasionally higher for low/medium heat nonfat dry milk. The market tone remains firm. Producers are attempting to increase offering prices. Buying interest remains fair to good from local and out of region purchasers. Additional DEIP orders are being filled and less powder is available for spot sales and to the support program. This week, a sizable quantity of NDM offerings to the CCC was canceled. The drop in the block cheese price this week has introduced more unsettledness into the dairy markets. What future direction cheese manufacturers will take as far as milk movements and adding condensed skim and NDM to cheese vats is unclear. NDM supplies are adequate for trade needs. High heat prices are also attempting to trend higher. Demand is good and some producers are turning their attention to this market. During the week of August 16 - 20, CCC net purchases were 1.5 million pounds of nonfortified NDM from Western producers.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0000 - 1.0350 MOSTLY: 1.0100 - 1.0200
HIGH HEAT: 1.0300 - 1.0550

DRY BUTTERMILK - WEST

Dry buttermilk powder prices are following trends of recent weeks higher. Offerings of recently produced powder are noted to be in tightest supply, whereas older stocks are available. The market tone still seems to be firm. Demand is light to fair and generally balancing current offerings. Drying schedules are minimal with mixed churning schedules and continued movement of condensed buttermilk. Stock levels are tightest for recently produced powder.

BUTTERMILK: .7000 - .7800 MOSTLY: .7100 - .7600

DRY WHEY - WEST

Range prices are holding steady and mostly prices are fractionally higher. Some Western producers are watching Central prices for potential market opportunities as the spread widens. Inventory levels are mixed within the region. Some manufacturers are in a tight supply situation while others have powder for immediate sale. Production levels are heavier than most contacts had planned for at this time of the summer.

NONHYGROSCOPIC: .1725 - .1950 MOSTLY: .1750 - .1800

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	POUNDS
August 20	\$1.0078	17,225,265
August 13	\$1.0076	15,101,979

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are often higher again this week and the market tone is firm. Production levels are lighter and quite a bit of milk continues to move to Southeastern buyers plus more milk is starting to move into Northeastern bottlers' plants. Condensed skim sales, particularly Class III, are slowing because of the pricing, but Class II wet solids sales are holding up quite well. Producers would like to dry some more skim to carry them into the fall, but drying schedules are intermittent. High heat powder is in the tightest supply position with low heat stocks adequate for current needs. Demand is good as some buyers seem to be building some inventories before prices move much higher. However, reports indicate that Western produced NDM is available and some buyers are looking to sources in that region. This may explain the drop in offerings of Western powder to CCC this week.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0300 - 1.0600 MOSTLY: 1.0400 - 1.0500

HIGH HEAT: 1.0600 - 1.1100 MOSTLY: 1.0600 - 1.0900

DELVD SOUTHEAST:

ALL HEATS: 1.0700 - 1.1300

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to higher and nominal in the Northeast. The market tone is firming. Eastern producers report little powder on hand for immediate shipment. Production levels are lighter. Churning activity is down seasonally and demand for condensed buttermilk is holding up. Buyers are often reaching farther to find desired volumes. Those who can't find the volumes they need are more often making LTL purchases.

F.O.B. NORTHEAST: .7500 - .8000

DELVD SOUTHEAST: .7800 - .8450

DRY WHOLE MILK - NATIONAL

Prices and the market tone are unchanged this week. However, with butter prices increasing, some producers may adjust their prices accordingly. As schools reopen, surplus milk volumes are tightening and whole milk powder output is slower. However, most production is to meet existing orders and little is to replenish inventory. A small DEIP (20 MT) was accepted last week. Export sales have been very slow to develop since the start of the current program on July 1.

F.O.B. PRODUCING PLANT: 1.3300 - 1.6000

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1999 THROUGH AUGUST 20, 1999
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	26,749	MT (58,970,845 LBS)
CHANGE	--	2,143	MT (4,724,458 LBS)

WHOLE MILK POWDER	--	28	MT (61,729 LBS)
CHANGE	--	20	MT (44,092 LBS)

CHEESE	--	225	MT (496,035 LBS)
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BUTTERFAT	--	0	MT
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Allocations for the DEIP year beginning July 1, 1999, are: Nonfat dry milk - 76,207 MT; Whole Milk Powder - 2,518 MT; Cheese - 3,190 MT; Butterfat - 25,475 MT. These DEIP allocations are in addition to balances still available from quantities announced on May 13, 1999; 25,177 MT of Nonfat Dry Milk (to be filled in roughly equal quarterly amounts during the GATT-year beginning July 1, 1999), 7,500 MT of dry whole milk, and 1,270 MT of cheese.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are steady to higher as many Eastern producers adjust their prices to increases in other regions. Grade A prices remain nominal. The market tone is firmer than it has been, but domestic demand is still referred to as slow to fair. Most Eastern producers report being sold out for several weeks and some Grade A makers are committed for the rest of the year. Should production increase, some spot loads of both grades may appear. Current output is steady to lighter. More milk is being channeled into Class I plants as schools reopen. Export interest is improving and some sales were made for delivery later this fall.

F.O.B. NORTHEAST: EXTRA GRADE .1975 - .2200

USPH GRADE A .2400 - .2600

DELVD SOUTHEAST: .2300 - .2375

ANIMAL FEED WHEY - NORTHEAST

Prices are still too few to report. Spot sales are limited as there has been little improvement in hog and calf markets. Animal feed makers usually have more than enough product under contract to meet their needs. Offerings of animal feed quality whey are more than ample for the slow demand.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

EVAPORATED MILK - NATIONAL

Prices are unchanged to higher. Expecting sharply higher milk prices during the next couple months, most manufacturers either increased list prices or stopped all allowances, or both. Production is moderate as some plants rush to build inventories before the anticipated increases. In some cases, the growing seasonal demand for Grade A milk is reducing the volumes of milk available to manufacturing plants. Demand is fairly brisk as buyers are trying to buy in before price increases go into effect.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$23.62 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein markets for both rennet and acid remain weak. Buyers indicate that stocks are readily available under contract and on a spot basis. Lower priced offerings below reported ranges continue to be made available to domestic buyers. Buyers do not foresee any problems with supply during the balance of the calendar year. European sources indicate that stocks are fully adequate with Oceania sources just getting into their new production season.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 1.7500 - 1.9000

ACID: 1.7800 - 1.9000

MONTHLY COLD STORAGE REPORT - TOTAL U.S. STOCKS

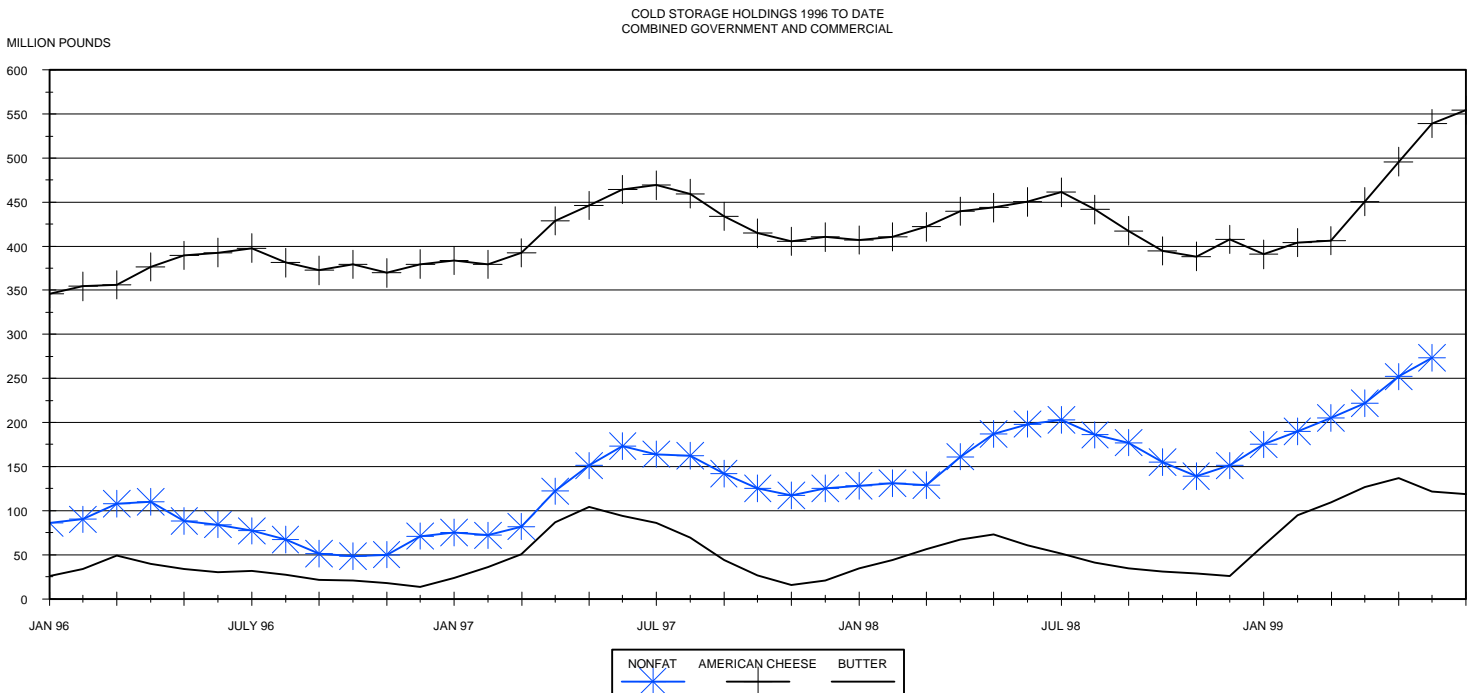
NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated.

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	JUN 30, 1997	JUN 30, 1998	REVISED JUN 30, 1999	JULY 31, 1997	JULY 31, 1998	JULY 31, 1999
Cream	---	---	---	---	---	---
Butter	93,663	60,550	121,253	85,582	50,979	118,941
Evap. & Cond. Milk	---	---	---	---	---	---
Cheese, Natural American	464,397	450,216	539,086	469,008	461,123	554,533
Cheese, Swiss	12,096	11,460	11,835	11,516	10,823	10,410
Cheese, Other Natural	128,352	122,041	184,009	124,372	123,875	197,515
GOVERNMENT OWNED COLD STORAGE HOLDINGS FOR THE U.S.						
Butter	644	300	257	661	285	334
Natural American Cheese	185	139	33	47	288	48

JULY COLD STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter			Other Natural Cheese		
	1997	1998	1999	1997	1998	1999*	1997	1998	1999
New England	23,907	24,112	29,640	9,777	---	---	181	338	559
Middle Atlantic	43,857	44,148	51,485	4,260	---	---	20,470	14,311	14,071
East North Central	250,676	246,899	256,415	41,104	---	---	86,692	99,633	99,768
West North Central	81,868	73,788	143,765	10,401	---	---	3,912	1,317	70,463
South Atlantic	229	679	625	663	---	---	5,621	584	1,694
East South Central	224	230	0	182	---	---	3,321	2,020	212
West South Central	1,852	288	363	756	---	---	184	477	236
Mountain	20,995	14,649	13,518	357	---	---	1,041	884	1,558
Pacific	45,400	56,330	58,722	18,082	---	---	2,950	4,311	8,954
TOTAL	469,008	461,123	554,533	85,582	50,979	118,941	124,372	123,875	197,515

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 1998 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total 1/		Commercial		Government		Total 1/		Commercial		Government		Total 1/ 2/		Commercial		Government 2/	
	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998
	Million Pounds						Million Pounds						Million Pounds					
January	61	34	61	34	3/	3/	391	407	391	407	3/	3/	175	128	82	104	93	24
February	95	44	95	44	3/	3/	404	411	404	411	3/	3/	190	131	108	105	82	26
March	109	56	109	56	3/	3/	406	422	406	422	3/	3/	205	129	123	93	83	36
April	126	67	126	67	3/	3/	451	440	451	440	3/	3/	222	161	136	113	86	48
May	137	73	136	72	3/	3/	496	444	496	444	3/	3/	252	187	164	132	88	55
June	121	61	121	60	3/	3/	539	450	539	450	3/	3/	273	198	158	129	114	69
July	119	51	119	51	3/	3/	555	461	554	461	3/	3/		203		112		91
August		41		41	3/			442		441	3/			186		78		108
September		34		34	3/			417		417	3/			177		64		112
October		31		31	3/			395		394	3/			155		46		109
November		29		29	3/			389		389	3/			139		42		97
December		26		26	3/			408		408	3/			151		56		95

NA = Not available. 1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Jun 30, 1997	Jun 30, 1998	Jun 30 1999	Jul 31, 1997	Jul 31, 1998	Jul 31, 1999
	Thousand Pounds					
Butter	93,019	60,250	120,996	84,921	50,694	118,607
Natural American Cheese	464,212	450,077	539,053	468,961	460,835	554,485

1/ Total holdings minus Government owned holdings. For more information, see page 7 of this report.

SOURCE: "Cold Storage," Co St 1 (8-99) and "Dairy Products," Da 2-6 (8-99), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Agricultural Stabilization and Conservation Service.

WORLD DAIRY SITUATION AND OUTLOOK*

Production/Trade: Cow milk production in selected countries for 1999 is estimated at 386.5 million tons, down marginally from the January forecast, but 1 percent above 1998. Compared to January, Russia had the largest change, but much of that was offset by the increase in the United States. New Zealand and Australia also had significant percentage changes but they largely offset each other. The estimate of milk cow numbers for 1999 has been revised to 128.3 million head, one percent lower than in 1998, mainly as a result of a downward revision of the Russian estimate. Butter production in selected countries for 1999 is estimated at 5.4 million tons, up from both the January forecast and 1998. Prospects for butter trade have declined since the January report mainly due to reduced shipments from the EU. Total 1999 butter exports are expected to remain near the 1998 level. Cheese production is expected to reach 12.4 million tons in 1999, unchanged from the January forecast, and 2 percent higher than revised 1998. Compared to 1998, the United States accounts for most of the increase in total production. Export prospects for cheese are down compared to the January forecast but are unchanged from 1998. Nonfat dry milk (NDM) production in 1999 is estimated at 3.2 million tons, marginally above the January forecast and 4 percent above 1998. Compared to the January forecast, the export potential for NDM is largely unchanged, although international prices have moved lower and surpluses have increased, particularly in the EU and the United States.

Prices: During the first half of 1999, prices for major dairy products continued their unrelenting downward path as demand in key markets remains stagnant. This drop was most notable for whole milk powder which fell from around \$1,710/ton in January 1999 to a current level of around \$1,390/ton FOB. Butterfat also experienced a similar dramatic drop. The decrease in price for cheese has been more moderate while prices for nonfat dry milk, after an initial drop have, for the most part, remained stable despite a strengthening dollar. The probability that dairy prices will recover during the last half of this year remains remote as stocks of dairy products accumulate, particularly in the EU. Further, demand in Asia, Brazil, and Russia continues to be sluggish. There are, however, some positive financial indications in a number of Asian countries suggesting that their economies are in a relatively stable condition with some countries even starting to enter a recovery phase. Nevertheless, without the Russian market, the ability of the EU to funnel surplus milk products from its domestic markets is severely restricted and has prompted an increase in export subsidy levels for a number of dairy products, in particular cheese.

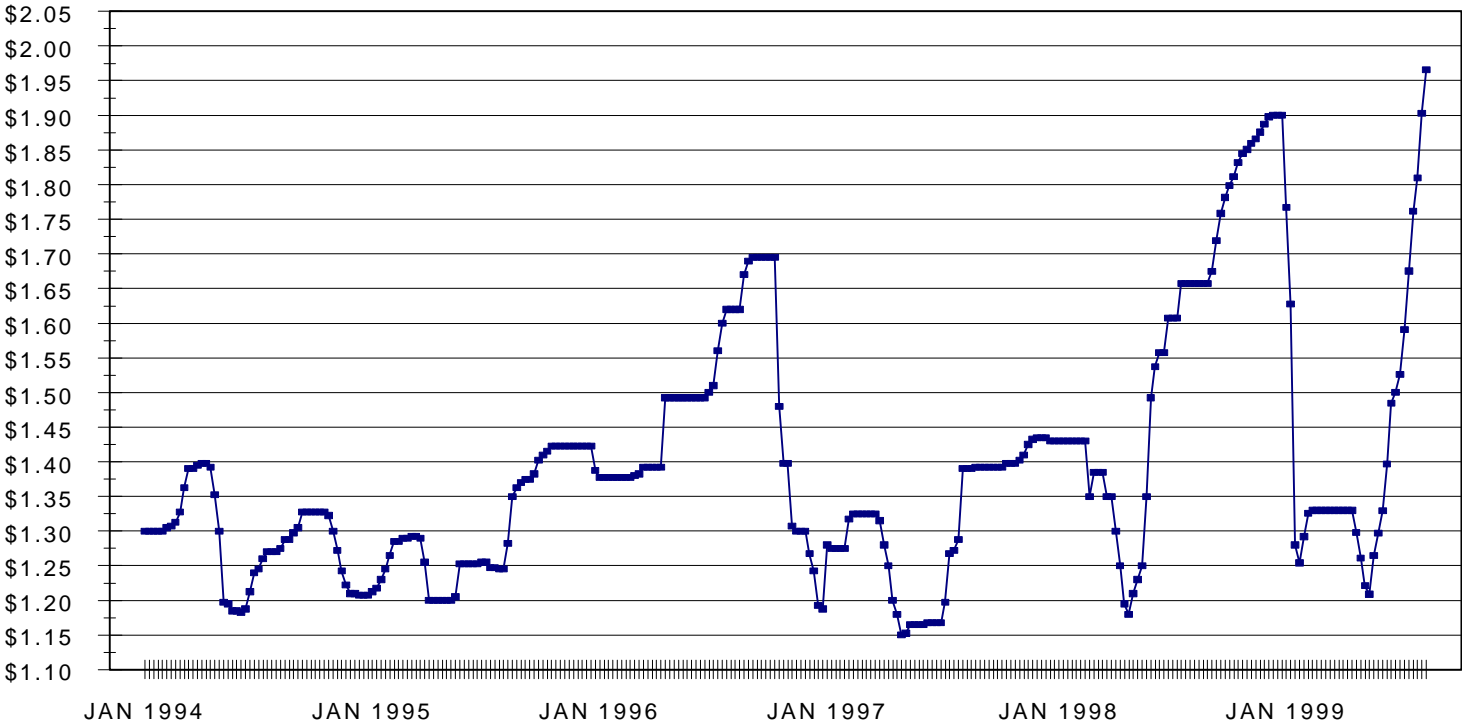
Policy/Program Developments: In 1998, as part of its effort to increase efficiency, the Government of Mexico decided to phase CONASUPO, the traditional importing agency, out of existence and allow LICONSA, the distribution agency, to import directly. In early 1999, LICONSA began officially managing the importation of milk powder for social programs. The full extent of how private imports are to be managed is still not fully clarified. The EU dairy reform passed by EU heads of government in Berlin on March 15, 1999, essentially maintains the status quo. As passed, the entire dairy reform package includes quota increases of over 2 percent, support price cuts (15 percent on butter and skim milk powder intervention price levels), premiums to offset some of the impact of the price reductions, and, as proposed by EU farm ministers to satisfy their farm constituents, a two-year delay in the implementation date. Legislation to deregulate New Zealand's dairy industry was introduced in Parliament in mid-July 1999, after negotiations between the Dairy Board and the Government concluded. The Dairy Industry Restructuring Bill covers commercial levies, taxes, quotas, and industry issues required by the new mega-cooperative proposed to meet Government deregulation and competition requirements. The current dairy market support arrangements for the Australian dairy industry were put in to place on July 1, 1995. These arrangements which are referred to as the Domestic Market Support Scheme, basically provide the same level of assistance as the old scheme and are scheduled to terminate on June 30, 2000. As a result the dairy industry is currently seriously debating deregulation. While there is some opposition within the industry to deregulation, most part of the industry have accepted that it will proceed.

* Prepared by Market Information Branch, Dairy Programs, AMS, USDA.

Source: "Dairy: World Markets and Trade," FD 1-99, July 1999, Foreign Agricultural Service, USDA. For further information contact Arthur Coffing at (202) 720-3761.

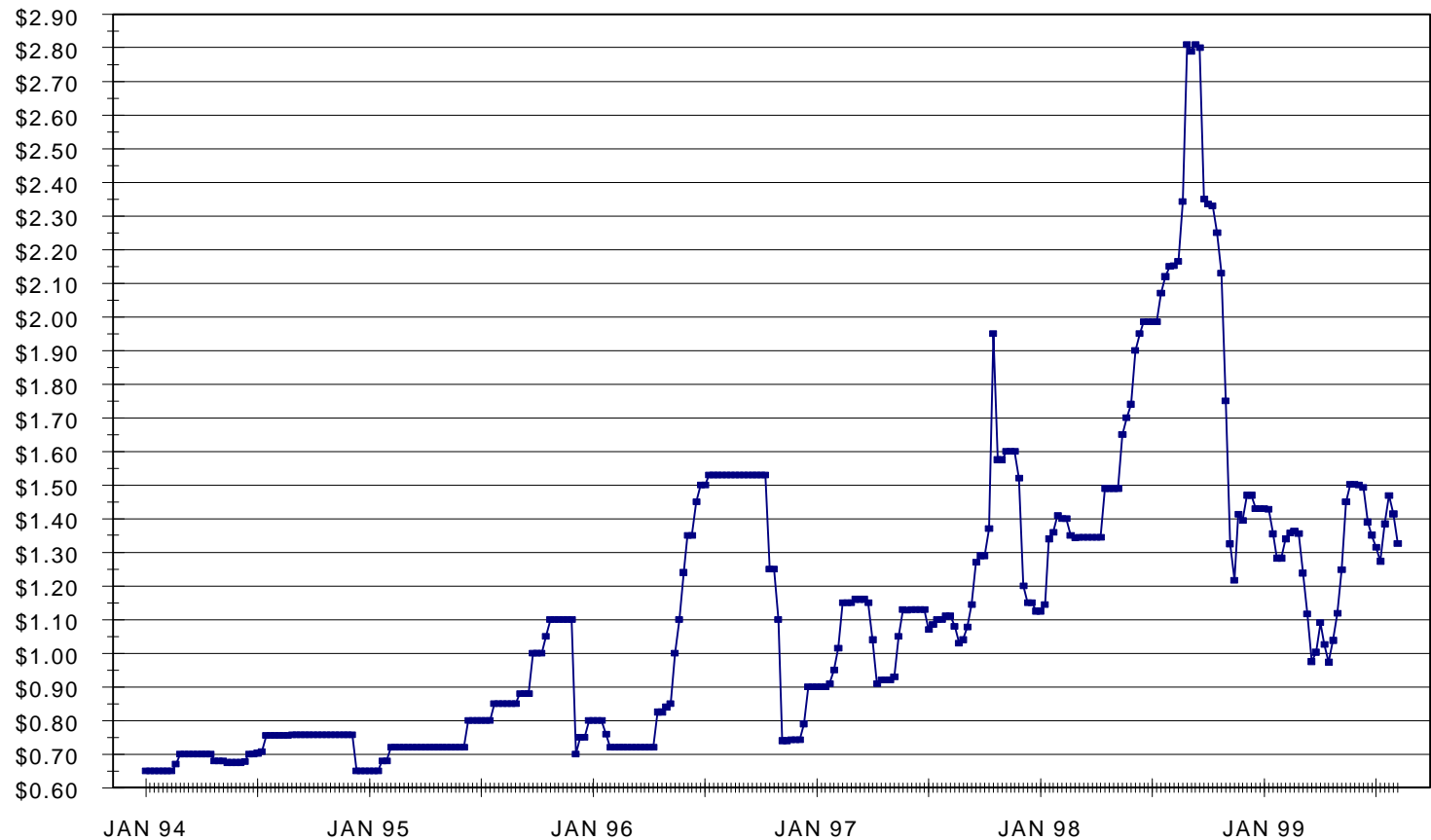
CHICAGO MERCANTILE EXCHANGE &
NATIONAL CHEESE EXCHANGE CHEDDAR BLOCKS

PRICE PER POUND



SINCE 9/4/98, THE WEEKLY AVERAGE PRICE IS USED
LAST TRADING SESSION AT THE NCE ON APRIL 25, 1997
FIRST TRADING SESSION AT THE CME ON MAY 1, 1997

CHICAGO MERCANTILE CASH GRADE AA BUTTER



SINCE 3/8/99, THE WEEKLY AVERAGE IS USED

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF AUGUST 23 - 27, 1999			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/98	SAME PERIOD LAST YEAR	PERIOD ENDING 08/20/99	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	1,586,460	1,313,768	272,692	175,276,307	125,251,186	-0-	-0-
Fortified	121,241	-0-	121,241	2,223,406	-0-	-0-	-0-
TOTAL	1,707,071	1,313,768	393,933	177,499,713	125,251,186	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF AUGUST 23 - 27, 1999 =	0.1	4.6	COMPARABLE WEEK IN 1998 =	-0.3	-14.8
CUMULATIVE SINCE OCTOBER 1, 1998 =	39.0	2,066.1	CUMULATIVE SAME PERIOD LAST YEAR =	27.6	1,457.9
CUMULATIVE JANUARY 1 - AUGUST 27, 1999 =	39.0	2,064.9	COMPARABLE CALENDAR YEAR 1998 =	25.8	1,366.5

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF AUGUST 23 - 27, 1999 (POUNDS)

PER-ASSIGNED PURCHASES FOR THE WEEK OF August 27, 1977 (POUNDS)								
	BUTTER			CHEESE			NONFAT DRY MILK	
REGION	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	272,692	121,241
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/98 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
REGION	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98
MIDWEST	-0-	-0-	-0-	-0-	15,434,971	12,025,842	8.7	9.6
WEST	-0-	-0-	-0-	-0-	162,064,742	112,938,801	91.3	90.2
EAST	-0-	-0-	-0-	-0-	-0-	286,543	0.0	0.2
TOTAL	-0-	-0-	-0-	-0-	177,499,713	125,251,186	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1999MANUFACTURING MILK: Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80DOLLARS PER POUNDBUTTER: Bulk \$.6500; 1# Prints \$.6800CHEESE: 40 & 60# Blocks \$1.1000; 500# Barrels \$1.0700; Process American 5# \$1.1525; Process American 2# \$1.1925NONFAT DRY MILK: Nonfortified \$1.0100; Fortified \$1.0200; Instant \$1.1675Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 08/07/99 & Comparable Week 1998 1/2/

Regions*											U.S. TOTAL		% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK	SINCE JAN 1	WEEK	SINCE JAN 1
1999-Dairy cows HD (000)	0.2	1.0	6.0	5.4	16.4	2.2	2.7	0.7	9.0	2.4	46.0	1,539.4	47.1	45.9
1998-Dairy cows HD (000)	0.2	1.4	5.8	4.7	18.5	2.1	3.0	1.3	8.5	2.4	47.9	1,629.2	40.7	45.9
1999-All cows HD (000)	0.3	1.2	8.3	13.3	22.5	13.6	16.5	3.7	12.0	6.3	97.7	3,354.8		
1998-All cows HD (000)	0.3	1.5	7.9	16.2	25.9	25.1	18.3	5.7	11.3	5.6	117.7	3,548.2		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

1/ States included in regions are as follows: Region 1--ME, NH, VT, CT, MA, and RI; Region 2--NY and NJ; Region 3--DE, PA, WV, VA, and MD; Region 4--KY, TN, NC, SC, GA, AL, MS, and FL; Region 5--MI, OH, IN, IL, WI, and MN; Region 6--TX, OK, NM, AR, and LA; Region 7--IA, NB, KS, and MO; Region 8--MT, WY, CO, UT, ND, and SD; Region 9--CA, NV, AZ, and HA; Region 10--ID, OR, and WA. 2/ Totals may not add due to rounding.

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86	12.07	12.79	12.83	12.96	13.29
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59					